

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY,)

Approval of the Energy Efficiency and)
Demand-Response Plan Pursuant to Section 12-103(f) of)
the Public Utilities Act)

Docket No. 07-0540

Rebuttal Testimony of
MICHAEL S. BRANDT
Manager, DSM & Energy Efficiency Program Planning
Commonwealth Edison Company

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ComEd Ex. 9.0

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1 **I. Introduction**

2 **A. Identification of Witness**

3 Q. Please state your name.

4 A. Michael S. Brandt.

5 Q. Are you the same Michael S. Brandt who submitted direct testimony on behalf of
6 Commonwealth Edison Company ("ComEd") in this docket?

7 A. Yes. My initial testimony is ComEd Exhibit 2.0.

8 **B. Purpose of Testimony**

9 Q. What are the purposes of your rebuttal testimony?

10 A. The purposes of my rebuttal testimony are as follows:

11 (1) I will provide an overview of the direct testimony submitted by the Staff of the
12 Illinois Commerce Commission ("Staff") and various intervenors in response to ComEd's
13 filing of its Energy Efficiency and Demand Response Plan ("Plan") and supporting
14 testimony in this docket.

15 (2) I will introduce the other ComEd witnesses who are filing rebuttal testimony and
16 summarize the issues they are addressing.

17 (3) I will respond to certain issues raised by Staff and intervenors in their direct
18 testimony, including (i) clarifying that ComEd has satisfied all the filing requirements of
19 Section 12-103 of the Public Utilities Act, (ii) responding to parties' comments on the
20 spending screens and further clarifying ComEd's "banking" proposal, (iii) addressing the
21 various proposals concerning the collaborative process, and (iv) responding to various

parties' suggestions and requests for changes to the proposed programs in ComEd's Plan as well as comments on ComEd's request for flexibility to manage its portfolio.

C. Summary of Conclusions

Q. Please summarize your conclusions.

A. Section 12-103 requires ComEd to file a plan that is designed to meet the statutory energy efficiency and demand response goals set forth in subsections (b) and (c) while also falling within the spending screens calculated under subsection (d). ComEd believes it has accomplished just that, as neither Staff nor any intervening party claims otherwise, and the Illinois Commerce Commission ("ICC" or "Commission") should approve ComEd's Plan.

II. Overview of Other Parties' Direct Testimony and Positions

Q. Mr. Brandt, are you familiar with other parties' positions concerning ComEd's Plan that are set forth in their direct testimony?

A. Yes, I am generally familiar with the direct testimony filed by Staff and the intervenors in this docket, and will provide an overview of their testimony in this section of my rebuttal testimony. More detailed responses to specific arguments will be provided both in Sections IV through VII of my rebuttal testimony and in the rebuttal testimony of the other ComEd witnesses, which is summarized in Section III below.

Q. What overall conclusions should the Commission draw from such direct testimony?

A. Most importantly, no party has disputed that ComEd's Plan is designed to achieve the statutory energy efficiency and demand response goals within the spending screens. To the contrary, ComEd appreciates the generous comments made by other parties concerning ComEd's Plan, some of which are set forth below:

- 45 • "I conclude that ComEd, Ameren and DCEO . . . have done a thorough job, using
46 an appropriate planning process, to develop their plans. Overall, the portfolio is a
47 reasonable start, and provides a platform to develop a comprehensive set of
48 effective programs." (AG Ex. 1.0, p. 4).
- 49 • "Facing a tight timeframe, ComEd expended significant resources and remained
50 accessible and produced what is, overall, a thorough and sound plan." (City Ex.
51 1.0, p. 3).
- 52 • "NRDC recommends that the Commission approve ComEd's Energy Efficiency
53 and Demand Response Plan that is before it so that the programs can move
54 forward and start producing energy savings for the State of Illinois." (NRDC Ex.
55 1.0, p. 12).

56 Although ComEd recognizes that some of the parties have requested clarification,
57 suggested additional refinements or disagreed with certain aspects of the Plan, which I
58 and other ComEd witnesses address elsewhere, ComEd believes that it already represents
59 a remarkable achievement to have developed a Plan designed to achieve the statutory
60 goals within the spending screens.

61 Q. Can you please summarize those elements of the Plan for which parties have requested
62 clarification, provided comments or otherwise expressed disagreement?

63 A. Yes. I have summarized below the comments and positions expressed by Staff and
64 intervenors in their direct testimony:

- 65 • **Clarification of Compliance with Section 12-103(f) Criteria:** Staff witness Mr.
66 Zuraski requests that ComEd explicitly address the existence of any new
67 appliance standards as required by subsection(f)(2) of Section 12-103, that
68 ComEd explain how it coordinated with the Department of Healthcare and Family
69 Services ("DHFS") as contemplated by subsection(f)(4) of Section 12-103, and
70 that ComEd pledge that it will not exceed the 3% limitation on investing in
71 emerging technologies imposed by subsection (g) of Section 12-103.
- 72 • **Spending Screens and Banking:** Staff witness Mr. Zuraski suggests that there
73 are "legitimate reasons" for updating the spending screens at various points
74 during the three years of the first plan. With respect to ComEd's "banking"
75 proposal, only the People of the State of Illinois ("AG") witness Mr. Mosenthal
76 opposes this approach, and in fact Staff witness Mr. Zuraski provides several

77 policy reasons in support of banking. Staff witness Ms. Pearce also requests that
78 ComEd clarify the circumstances under which it proposes to bank savings and
79 exceed the spending screen.

80 • **Rider EDA's Single Cost Per Kilowatt-hour ("kWh") Charge and Cost**
81 **Recovery:** Although the Building Owners and Managers Association of Chicago
82 ("BOMA") witnesses Messrs. Zarumba and Skodowski and Illinois Industrial
83 Energy Consumers ("IIEC") witnesses Messrs. Stephens and Stowe disagree with
84 the proposed single kWh charge applicable to all ComEd customer classes and
85 propose alternatives, Staff witness Mr. Lazare provides several policy reasons in
86 support of a single kWh charge. In addition, AG witness Mr. Mosenthal discusses
87 the possibility that costs be amortized over the life of the measures. Staff witness
88 Ms. Pearce also asks that ComEd clarify that the date limitation of cost recovery
89 applies to all incremental costs and not just legal and consultative costs.

90 • **Collaborative Process:** Most of the parties support an ongoing collaborative
91 process similar to that proposed by Natural Resources Defense Council
92 ("NRDC") witness Mr. Henderson. However, the AG's collaborative proposal
93 requires consensus, and contemplates significant Commission involvement in
94 resolving points of disagreement within the collaborative. Staff witness Mr.
95 Zuraski, however, opposes Commission approval of a collaborative process, and
96 explains that it should be left up to the utility as to whether it wants to seek input
97 from stakeholders.

98 • **Program Design and Flexibility to Manage Portfolio:** Although no party
99 disputes the ability of ComEd's Plan to achieve the statutory goals within the
100 spending screens, a variety of parties nevertheless recommend tweaks to various
101 program elements or suggest the addition of new programs. These include the
102 City of Chicago's ("City") recommendation that ComEd should leverage existing
103 City programs, BOMA's request that ComEd provide interval meters, and the
104 Citizen's Utility Board's ("CUB") comments on Nature First's O&M costs and
105 maximizing revenue from PJM. In addition, although the Environmental Law and
106 Policy Center ("ELPC"), NRDC, AG and Staff each agree with ComEd's need to
107 retain flexibility to manage its portfolio of programs, these parties also offer
108 various suggestions to be considered when making changes, such as maintaining a
109 diverse cross-section of programs that provides opportunities for all customer
110 classes and that any new programs pass that total resource cost ("TRC") test.

111 • **Evaluation, Measurement and Verification:** Mr. Zuraski offers some policy
112 considerations concerning ComEd's proposal to annualize savings, and also
113 provides a recommendation for how after-the-fact savings should be determined
114 based on an assumption of normal weather. Concerning ComEd's proposal to
115 "deem" certain measure savings values and net-to-gross ratio values, Mr. Zuraski
116 is the only witness who opposes any deeming at this time, and Mr. Mosenthal
117 explicitly supports some level of deeming. ELPC witness Mr. Crandall also
118 proposes that over the next year Illinois develop its own DEER database.

119 **III. Overview of ComEd's Rebuttal Testimony**

120 Q. Please identify the other witnesses who are submitting rebuttal testimony on behalf of
121 ComEd and summarize what issues each is addressing.

122 A. In addition to my testimony, ComEd is submitting the testimony of the following rebuttal
123 witnesses:

- 124 • James C. Eber (ComEd Ex. 10.0), ComEd's Manager of Demand Response and
125 Dynamic Pricing, responds to CUB witness Mr. Thomas's claims that Nature
126 First's O&M costs are overstated and that ComEd should maximize revenue from
127 PJM by calling the Nature First program more often.
- 128 • Paul R. Crumrine (ComEd Ex. 11.0), ComEd's Director of Regulatory Strategies
129 and Services, responds to IIEC's and BOMA's proposals to set separate cent per
130 kWh charges for different customer classes, addresses AG witness Mr.
131 Mosenthal's discussion of amortization, clarifies the definition of Incremental
132 Costs in Rider EDA – Energy Efficiency and Demand Response Adjustment,
133 addresses ELPC's comments on Staff oversight of cost recovery under Rider
134 EDA, and clarifies the purpose of ComEd's Nature First Expansion cost
135 estimates.
- 136 • Val R. Jensen (ComEd Ex. 12.0), Senior Vice President, ICF International,
137 addresses various program design recommendations of Staff and intervening
138 parties, and responds to parties' comments on ComEd's proposal to deem certain
139 measure savings and net-to-gross ratio values.
- 140 • Nicholas P. Hall (ComEd Ex. 13.0), President and Owner, TecMarket Works,
141 responds to Staff witness Mr. Zuraski's comments concerning the determination
142 of energy savings for weather-sensitive measures, Mr. Zuraski's policy
143 considerations regarding ComEd's proposal to annualize energy savings, AG
144 witness Mr. Mosenthal's statements regarding the adequacy of the 3% EM&V
145 budget, the evaluation activities suggested by ELPC witness Mr. Crandall, and
146 Mr. Zuraski's and Mr. Mosenthal's comments regarding ComEd's proposal that
147 the Commission deem certain measure savings and net-to-gross ratio values.

148 **IV. Clarification of Compliance with Section 12-103(f) Criteria**

149 Q. Staff witness Mr. Zuraski comments that ComEd did not explain whether it coordinated
150 with the Department of Healthcare and Family Services ("DHFS"). (Staff Ex. 1.0, at 4-
151 5.) Did ComEd coordinate with DHFS for the low-income portion of its portfolio?

152 A. Yes, it did. As Mr. Zuraski points out, Section 12-103(f)(4) requires that ComEd
153 “[c]oordinate with the Department and the Department of Healthcare and Family
154 Services to present a portfolio of energy efficiency measures targeted to households at or
155 below 150% of the poverty level at a level proportionate to those households’ total annual
156 utility revenues in Illinois.” 220 ILCS 5/12-103(f)(4). During the planning process,
157 ComEd, the Department of Commerce and Economic Opportunity (“DCEO”) and DHFS
158 all met to discuss a strategy for low-income customers. The parties decided that DCEO
159 would implement the low-income portion of the portfolio, and therefore DCEO worked
160 directly with DHFS on the low-income portfolio. Throughout the remainder of the
161 planning process, ComEd kept abreast of the DCEO-DHFS effort to develop this
162 portfolio.

163 Q. Mr. Zuraski also notes that while ComEd addressed new building standards through its
164 partnership with DCEO, the Plan does not explain how ComEd is addressing new
165 appliance standards. (Staff Ex. 1.0, pp. 5-6.) Please explain.

166 A. Mr. Zuraski rightly notes that Section 12-103(f)(2) requires that ComEd “[p]resent
167 specific proposals to implement new building and appliance standards that have been
168 placed in effect.” 220 ILCS 5/12-103(f)(2). The Plan, however, does not discuss the
169 implementation of new State appliance standards because it is ComEd’s understanding
170 that no such appliance standards exist for ComEd to assist with in the implementation.
171 (*See also* Staff’s Response to ComEd’s Data Request No. 1.03.)

172 Q. Mr. Zuraski also asks ComEd to confirm that it will not, consistent with Section 12-
173 103(g), spend “more than 3% of energy efficiency and demand-response program

revenue...for demonstration of breakthrough equipment and devices.” (Staff Ex. 1.0, pp. 7-8.) What is ComEd’s response?

A. ComEd agrees, and pledges to not spend more than 3% of its overall Plan budget on emerging technologies. Given the challenge of simply meeting the kWh goals, ComEd’s Plan only allocates \$3.3M for emerging technologies over the life of the Plan, which is 1.3% of the total Plan budget.

V. **Spending Screens and Banking**

Q. Staff witness Mr. Zuraski states that there are legitimate reasons for updating the spending screens at various points during the three years covered by the Plan. (Staff Ex. 1.0, pp. 11-12.) Does ComEd agree?

A. ComEd does not agree with Mr. Zuraski’s comments, which seem to be based on the incorrect view that ComEd’s Plan is made up of three separate one-year plans. To the contrary, Section 12-103 requires that ComEd file a single, integrated Plan that is designed to “meet the energy efficiency and demand-response standards for 2008 through 2010.” 220 ILCS 5/12-103(f). ComEd thus designed its portfolio of programs as a comprehensive three-year plan and not three one-year plans, carefully balancing and putting together a blend of programs with shorter and longer ramp-up periods. Moreover, in order to develop such a plan while taking into account growth over a three year period, it is crucial that the spending screen for each year be determined at the outset to provide certainty throughout the planning process to both ComEd and its third-party administrators.

195 Q. Please summarize Staff's and intervenors' comments on ComEd's proposal to "bank"
196 any excess savings achieved in a given Plan year and apply that excess to and reduce a
197 subsequent Plan year's goal.

198 A. With the exception of AG witness Mr. Mosenthal, no one opposes ComEd's banking
199 proposal. In recommending that the Commission approve banking, Staff witness Mr.
200 Zuraski cautions that the inability to bank could create a disincentive to achieve greater
201 energy savings:

202 In the absence of banking, in any one plan year, there is little
203 reason for the Company to pursue savings above the goals set forth
204 in the Act (or at a rate any faster than required by the Act). In fact,
205 achieving greater energy savings (or achieving energy savings at a
206 faster rate) in one year, may make it more difficult to achieve the
207 Act's goals in the following year, as the market for efficiency
208 products and services becomes more saturated. Thus, the lack of
209 banking privileges may actually constitute a disincentive to
210 achieving greater energy savings (or achieving energy savings at a
211 faster rate).

212 (Staff Ex. 1.0, p. 48.)

213 Q. What was the basis of AG witness Mr. Mosenthal's opposition to the banking proposal?

214 A. Mr. Mosenthal claims that "[i]f the [Program Administrators ("PAs")] show they are
215 capable of higher performance in a given year, the PAs should have an easier time
216 meeting and perhaps exceeding the following year's goals. Illinois should take advantage
217 of any over-performance by advancing the ramp up to higher goals as fast as possible."
218 (AG Ex. 1.0, p. 40.) Mr. Mosenthal is incorrect for two reasons. First, simply because
219 ComEd exceeds its goals in one year does not necessarily mean it will do so in years two
220 and three, especially in light of the fact that the goals ramp up each year. In fact, as Mr.
221 Zuraski noted, the absence of banking may actually serve as a disincentive to exceed the
222 goals in a given year in order to ensure that future years' goals are met. Second, Mr.

223 Mosenthal wrongly assumes that the goals can be accelerated at any given point in time.
224 This is not authorized by Section 12-103, and appears to be an attempt to rewrite the
225 legislation.

226 Q. With respect to banking and exceeding the spending screen in a given year, Staff witness
227 Ms. Pearce comments that she only identified one of the two circumstances Mr. Crumrine
228 referred to his direct testimony under which expenditures for a Plan year may exceed the
229 amounts prescribed by Section 12-103(d) (*i.e.*, where ComEd exceeds both the statutory
230 goals and the spending screen), and that she is "not sure whether ComEd also seeks to
231 defer costs in excess of the annual cap in those circumstances where there are no savings
232 to bank. (Staff Ex. 2.0, p. 6). Can you please clarify ComEd's position on "banking" and
233 exceeding the spending screen?

234 A. Yes. As Ms. Pearce notes, one of the circumstances under which ComEd proposes that
235 expenditures for a Plan year may exceed the amounts prescribed by Section 12-103(d) is
236 where ComEd also exceeds the energy efficiency or demand response goals for such Plan
237 year. In this case, both the spending screen and the kWh goal for the next year would be
238 reduced accordingly.

239 The other scenario under which ComEd could exceed the spending screen in a
240 given Plan year is described on pages 39-40 of my direct testimony:

241 Because ComEd is launching nearly all of its programs from a
242 "cold start", it is impossible to predict with certainty how the
243 market will respond to each program. With that said, [although]
244 ComEd believes it can manage the portfolio and its programs in
245 such a way to "accelerate" or "throttle back" various activities to
246 increase or decrease participation as needed to generate annual
247 results within the "ballpark" of the goal, it would be impossible to
248 do so with absolute precision. Based on this ramp-up period and a

249 desire to encourage participation in energy efficiency programs,
250 ComEd believes that it would be neither appropriate nor prudent to
251 turn away willing participants

252 (ComEd Ex. 2.0, pp. 39-40.) Put another way, ComEd will be running multiple programs
253 simultaneously throughout the Plan year, and, during the final month of the planning
254 year, it would be virtually impossible to manage these programs on a real-time basis such
255 that all programs could be instantaneously suspended once the spending screen is
256 reached, leaving no amount that exceeds the spending screen. Although ComEd intends
257 to make every effort to achieve the kWh savings goal within the spending screen every
258 year, until actual implementation begins, there are many unknowns in terms of program
259 performance. ComEd therefore is also requesting approval to recover any *de minimis*
260 costs that may exceed the spending cap in a given Plan year that are prudently and
261 reasonably incurred even though ComEd does not also exceed the energy efficiency or
262 demand response goal in that year.

263 Q. With respect to IIEC's and BOMA's proposals to calculate separate cent per kWh
264 charges for various customer classes, from a business perspective, would there be
265 additional costs in this approach?

266 A. Although ComEd has not had time to analyze in detail the additional costs, it is safe to
267 assume that there would be additional system and personnel costs associated with
268 tracking and reporting costs in a more segregated manner.

269 Q. AG witness Mr. Mosenthal discusses amortizing current costs of Plan measures over the
270 life of the measures, saying that it would reduce rate impacts. (AG Ex. 1.0, pp. 38-39.)
271 Do you believe that this should be done?

272 A. Although it is not completely clear exactly what Mr. Mosenthal is proposing, as Mr.
273 Crumrine notes in his rebuttal testimony (ComEd Ex. 11.0), ComEd' proposal calls for
274 the traditional ratemaking treatment of costs, including the capitalization and depreciation
275 of the cost of capital items. (The one exception is the amortization of Plan development
276 and filing costs over the three-year life of the Plan.) If, however, Mr. Mosenthal is
277 calling for the amortization of all current expenses because of a concern about rate
278 impacts or the possibility that a portion of the goals might have to be abandoned because
279 of the effect of the spending screens, ComEd would note two things. First, the spending
280 screen itself is the General Assembly's stated mechanism for dealing with rate impacts,
281 and second, ComEd believes that its Plan is designed to achieve the statutory targets
282 within the spending screen with cost recovery on a current basis as proposed for this Plan.
283 Indeed, no party has claimed otherwise.

284 This is not to say that there may not be some benefits to certain alternative
285 versions of a cost recovery mechanism, and ComEd would certainly be willing to engage
286 in discussions about what such benefits might be and the array of ramifications that might
287 ensue from a change, including any financial impacts on ComEd. However, the time is
288 short for the need to implement ComEd's Plan, and no one has suggested that the cost
289 recovery methodology proposed by ComEd fails to meet the requirements of the law.

290 VI. **Collaborative Process**

291 Q. Please summarize the parties' comments and proposals concerning an ongoing
292 collaborative process.

293 A. Most of the parties support an ongoing collaborative process similar to that proposed by
294 NRDC witness Mr. Henderson. Based on my review of NRDC's proposed collaborative,

295 stakeholders would serve as an advisory group to the utility, and its recommendations
296 would be non-binding. AG witness Mr. Mosenthal, on the other hand, appears to propose
297 something more, and suggests that the collaborative would have to reach consensus. In
298 the event that the collaborative cannot reach consensus, "collaborative stakeholders
299 should still be free to seek resolution of the disagreement at the ICC or in another forum."
300 (AG Ex. 1.0, p. 8.) Staff witness Zuraski, however, opposes requests for the Commission
301 to approve the collaborative process, noting that "the Company should be responsible for
302 implementing the plan approved by the Commission If the Company wishes to
303 enlist interested parties in that implementation process, that should be left to the
304 Company's discretion, and need not be approved or ordered by the Commission." (Staff
305 Ex. 1.0, pp. 25-27.)

306 Q. What is ComEd's response to the parties' positions on the collaborative process?

307 A. ComEd agrees with Staff witness Mr. Zuraski. Although ComEd explained in its Plan
308 that it anticipates continued discussions with stakeholders, ComEd is not seeking
309 Commission approval of a collaborative process in this docket. Indeed, Section 12-103
310 makes no mention of a stakeholder advisory group or collaborative process, and, as AG
311 witness Mr. Mosenthal and other parties note, the utilities "[u]ltimately . . . bear
312 responsibility for their plans and actions." (AG Ex. 1.0, p. 8.) Nevertheless, ComEd
313 believes that the stakeholder interaction to date has been of value to the overall process,
314 and we envision the continued active involvement and input of stakeholders during Plan
315 implementation through a collaborative process similar to that proposed by NRDC.
316 Because ComEd is ultimately responsible and accountable for the portfolio, its
317 implementation and the corresponding results, the collaborative can only be an advisory

group that can review and comment on the Plan and its progress. It is not, as Mr. Mosenthal proposes, a process whereby consensus must be reached among the participants in the collaborative.

Q. What is ComEd's response to NRDC witness Mr. Henderson's recommendations that the Commission "develop a regular reporting schedule," "identify, then define, a few broad cost categories," and undertake certain monitoring? (NRDC Ex. 1.0, pp. 11-12.)

A. ComEd acknowledges that the tracking and status reporting of the results of the programs within its portfolio are not only important to ComEd itself, but also to Staff and outside stakeholders. ComEd fully intends to implement a program tracking system that allows for regular reporting to those involved in the collaborative process, including Staff. ComEd believes that the frequency and nature of the reporting should be worked out within the collaborative process itself, and will need to balance the costs associated with producing these reports with the value received from the reports. ComEd does not expect the reports to be a burden on its staff or resources, but until implementation actually begins, we will not know the full implications of the reporting function.

VII. Program Design and Flexibility to Manage the Portfolio

Q. What parties provided comments on the program designs described in ComEd's Plan?

A. Although no party disputes that ComEd's Plan is designed to meet the statutory goals within the spending screens, a number of parties nevertheless provided suggestions about program design or proposed additional programs, including the AG, BOMA, the City, CUB, ELPC and NRDC. With the exception of CUB, whose comments are addressed by Mr. Eber's rebuttal testimony (ComEd Ex. 10.0), I will comment on these parties' comments below.

341 Q. Please summarize the AG's comments.

342 A. Although AG witness Mr. Mosenthal provides a number of comments concerning
343 ComEd's program designs, he notes that these are only suggestions and "recommend[s]
344 that these and other details ultimately be resolved by a collaborative process." (AG Ex.
345 1.0, p. 5.) In light of the fact that Mr. Mosenthal is not asking the Commission to
346 consider these proposed changes, I will not comment on Mr. Mosenthal's
347 recommendations at this time. ComEd witness Mr. Jensen, however, does respond to
348 some of these comments in his rebuttal testimony. (See ComEd Ex. 12.0.)

349 Q. City witness Mr. Abolt "asks that the Commission require ComEd to provide business
350 owners free access to [energy consumption] data [and] require ComEd to install
351 interval meters as part of the [Business Solutions] program." (City Ex. 1.0 pp. 11-12.)
352 BOMA witness Mr. Zarumba similarly proposes that provision of "electric consumption
353 information . . . be considered as an energy efficiency program and be provided subsidies
354 like many of the other measures proposed (BOMA Ex. 1.0, p. 6), and suggests that
355 ComEd provide the real time meters (*id.*, p. 7). Please clarify ComEd's proposed market
356 transformation activities concerning building energy consumption data, and respond to
357 the City's and BOMA's proposals.

358 A. Under its Plan, ComEd proposes to provide certain services previously available on a "for
359 fee" basis as part of the energy efficiency portfolio. In particular, energy consumption
360 data for non-residential customers (EnergyStar data and the Energy Insight Online data),
361 will no longer be "for fee", but rather will be offered to customers who participate in the
362 Business Solutions program. At this time, ComEd is still working out the actual details
363 of such participation, which will be firmed up during the final design phase of the

364 portfolio. Nevertheless, it is ComEd's intent to provide this data to as many non-
365 residential customers as possible because we believe that one of the first steps to
366 developing an energy efficiency culture is providing customers with a true understanding
367 of how they use their energy. The only cost to the customer will be the cost of interval
368 metering equipment – this cost will still remain with the customer.

369 With respect to the proposals made by City witness Mr. Abolt and BOMA witness
370 Mr. Zarumba, to the extent they request that ComEd provide real-time energy usage
371 information for free or minimal cost, this is not possible or practical at this time.
372 Currently, Energy Insight Online can provide ½ hour data on a next day basis if the
373 customer has automatic meter reading ("AMR") equipment, and ComEd does not have
374 the infrastructure for the real-time capabilities. Moreover, ComEd also notes that it
375 proposes to provide free data only to participants of its Business Solutions program, not
376 to all commercial customers. ComEd also disagrees with BOMA's recommendation that
377 "the Commission and ComEd should establish a formal partnership between ComEd and
378 BOMA/Chicago for the design of energy efficiency programs applicable to commercial
379 buildings in Chicago." (BOMA Ex. 2.0, p. 5.) In sum, neither the City nor BOMA
380 showed that any of its proposals were cost-effective under the TRC test.

381 Q. ELPC witness Mr. Crandall states that "the utilities also may want to consider a shared
382 website and call center to provide information on [the] programs," (ELPC Ex. 1.0, p. 6)
383 and NRDC witness Mr. Henderson asks that ComEd "consider" "support[ing]
384 development of a statewide website that contains information about energy efficiency
385 measures, tools and resources, training, and a description of all energy efficiency

386 programs that are available statewide” (NRDC Ex. 1.0, p. 4.) Please comment on these
387 proposals.

388 A. ComEd believes that, while a statewide energy efficiency web site may have some value,
389 it is not necessary for the successful implementation of ComEd’s Plan for several
390 reasons. First, ComEd already has a website (www.comedcare.com) that is dedicated to
391 its customers and that has a very strong energy efficiency component. We have spent
392 time and money to build this website and educate our customers about it, and believe it
393 will continue to be a valuable resource going forward. Although I cannot speak for
394 Ameren, it is my understanding that they already address energy efficiency on their
395 website. Utility-specific websites that are targeted at the utility’s customers are also
396 consistent with Section 12-103, which requires that the utility file a plan that “tak[es] into
397 account the unique circumstances of the utility’s service territory.” 220 ILCS 5/12-
398 103(f). There is no requirement that the utility fund a statewide effort.

399 Second, the costs associated with a statewide website have not been built into
400 ComEd’s Plan, and therefore would be an additional cost that would be incurred.
401 Because ComEd’s customers have become accustomed to interfacing with ComEd
402 directly through its website and call center, the costs of reeducating and reorienting
403 customers toward a statewide website and call center would be significant and likely
404 cause some degree of customer confusion. Given the tight budget to achieve the goals
405 and the fact that neither ELPC nor NRDC has shown the cost-effectiveness of developing
406 a statewide website in any sense, I question the value of moving money into a project of
407 this type, even if the funds were available.

408 Third, although ComEd would be more than willing to coordinate with the State
409 or DCEO if there is funding for the development of a statewide website by providing
410 links to ComEd's website, ComEd believes that customers will always expect
411 information to be available at the ComEd website and call center for such programs.

412 Fourth, over the three-year Plan, approximately two-thirds of ComEd's programs
413 are targeted toward C&I customers. All customers 400kw and larger have an assigned
414 ComEd account representative who will be trained in educating such customers about the
415 programs.

416 Q. City witness Mr. Abolt claims that "the City has existing programs and delivery systems
417 that ComEd could leverage to improve the cost-effectiveness of its programs" (City Ex.
418 1.0, p. 6), and states that "[t]he Commission should require that ComEd's Plan give
419 preference to the use of existing programs for delivery of energy efficiency measures"
420 (*id.*, at 10). Does ComEd believe that leveraging City programs can reduce program
421 costs?

422 A. The City has provided no evidence in its direct testimony that any of ComEd's program
423 costs will be reduced through leveraging of any of the City's current program offerings,
424 and ComEd knows of no other evidence in support of such a claim. Because there also
425 would be costs associated with the interface with the City, under the City's leveraging
426 scenario, programs could actually cost more, as ComEd would incur the currently
427 planned costs and the costs to leverage the program. However, ComEd is more than
428 willing to explore with the City and any other entities any potential synergies that may
429 exist between ComEd's proposed programs and other current programs that exist. One
430 critical step in analyzing potential synergies will be the ability to measure and verify the

431 kWh savings associated with the activities. Again, ComEd bears the ultimately
432 responsibility for achieving the statutory goals, so ComEd must be able to measure and
433 verify the kWh savings from any other program and the overall cost-effectiveness.
434 ComEd welcomes the opportunity to review the City's programs to determine how these
435 programs might work within ComEd's proposed programs to benefit customers.

436 And finally, it is worth noting again that Section 12-103(f) requires that ComEd
437 "tak[e] into account the unique circumstances of [its] service territory" in preparing its
438 Plan. 220 ILCS 5/12-103(f). In response, ComEd designed its programs to be offered
439 across its entire service territory, not just in the City of Chicago, which constitutes only
440 one-third of ComEd's customers. Indeed, all of ComEd's programs are designed to be
441 offered across its entire service territory.

442 Q. Several parties comment on ComEd's proposal to retain flexibility to manage its
443 portfolio. Please summarize these comments.

444 A. No party opposes the concept of flexibility. Staff witness Mr. Zuraski comments that
445 "Mr. Brandt provides reasonable arguments for requesting [] flexibility, and I can
446 appreciate how granting the requested flexibility would aid the Company in cost-
447 effectively achieving the level of energy savings that it projects to be able to save."
448 (Staff Ex. 1.0, p. 9.) Mr. Zuraski also cautions, however, that flexibility to modify or
449 discontinue program elements could in theory result in reduced opportunities for certain
450 rate classes. (*Id.*) ELPC witness Mr. Crandall similarly comments that "it is important
451 that the relative share of funds assigned to specific sectors (residential, commercial,
452 industrial) remain approximately proportionate to the proposed levels in the plan."
453 (ELPC Ex. 1.0, p. 5.) In addition, Mr. Crandall explains that

[i]t is appropriate to consider that the amounts assigned to each program be considered an operation budget. If a particular program performs better or worse than anticipated, then more or fewer dollars should be able to be allocated to that program, provided that the TRC for the program receiving additional funding continues to be greater than 1.0. Alternatively, if a program is getting a larger or smaller market response than anticipated, the utility should be able to adjust the incentive levels up or down as appropriate, again under the condition that the program still must meet the TRC test.

(*Id.*) AG witness Mr. Mosenthal also “believe[s] that flexibility is important,” and “with Collaborative agreement, [Program Administrators] need to be able to modify programs over time based on market conditions and feedback on the effectiveness of their implementation efforts.” (AG Ex. 1.0, p. 8.) NRDC witness Mr. Henderson also “support[s] administrator flexibility to respond to market conditions within certain guidelines,” and “recommend[s] that the ICC should provide administrators clear guidelines about what program and portfolio changes are appropriate without seeking ICC approval, and what changes require either notice or comment to the Advisory Stakeholder Process of the Commission.” (NRDC Ex. 1.0, p. 9.)

Q. What is ComEd’s response to the parties’ comments concerning flexibility?

A. As I explained in my direct testimony, ComEd believes that flexibility is a necessary requirement to achieve success in the portfolio. However, we also realize that this does not or would not give us “carte blanche” to make wholesale changes to the portfolio. All changes to the portfolio (*e.g.*, adding or subtracting measures, changing delivery mechanisms) would be subjected to a rigorous analysis, including application of the TRC test. In addition, ComEd anticipates that flexibility issues and the need to vet new ideas and analyses would be one of the primary purposes of the stakeholder collaboration. ComEd fully expects to socialize all changes with the collaborative, and, in fact,

482 envisions that some of the initial work of the collaborative would be to develop a process
483 on how and when changes to program elements occur. As I discussed earlier in my
484 rebuttal testimony, however, ComEd disagrees with AG witness Mr. Mosenthal's
485 collaborative proposal, which requires collaborative agreement prior to modifications.

486 Further, it is ComEd's position that any change made to any program element
487 must be looked at in terms of its effect on the overall portfolio. It is important to ComEd
488 that modifying one program not compromise the overall objectives of the portfolio. For
489 example, consistent with Section 12-103, ComEd must maintain a diverse cross-section
490 of programs that provides opportunities to all customers, which is critical to the overall
491 success of the portfolio.

492 Q. Does this conclude your rebuttal testimony?

493 A. Yes.